

**MANAGEMENT AUDIT SERVICES**

**GRANT AUDIT**

**CALTRANS  
EASTBOUND SOUNDWALL PROJECT  
IN THE CITY OF AZUSA**

**CALL FOR PROJECTS  
NO. SOUNDWAZ**

**REPORT NO.  
07-CAL-G08**

**MARCH 2008**



**Metro**

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## EXECUTIVE SUMMARY

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At the request of the Project Manager, Ben Jong, a closeout audit was completed by the Los Angeles County Metropolitan Transportation Authority (Metro) Management Audit Services (Management Audit) for the Transportation Improvement Program (TIP) call for project Memorandum of Understanding (MOU) SOUNDWAZ. This MOU is with Caltrans to construct an eastbound soundwall at Route 210 from .10 km east of Vernon Avenue to .15 km west of Azusa Avenue. Metro's share of the eastbound soundwall project cost is \$3,831,000 or 100 percent. The westbound soundwall estimated project cost of \$4,332,000 is funded by the State Transportation Improvement Program (STIP) funds for design and construction only. Caltrans combined both the eastbound and westbound soundwall projects for a total estimated cost of \$8,163,000. The soundwalls were combined to prevent conflicts, to streamline the construction operation, and to minimize traffic interruption during construction. Based on Caltrans engineer's estimate the total project cost is allocated as follows:

- 53% westbound soundwall
- 47% eastbound soundwall

Caltrans' total billed project cost for the eastbound soundwall of \$3,831,000 is based on invoices submitted before the lapsing date of June 30, 2005. The total project cost of \$8,144,684 is the actual cost for the combined project. We questioned \$14,038 of the total combined project cost which primarily represents questioned overhead cost. This results in total allowable project cost of \$8,130,646 (\$8,144,684-\$14,038). Metro's share for the eastbound soundwall is \$3,821,404 (\$8,130,646 X 47%).

Metro reimbursed Caltrans \$3,831,000 of the \$3,821,404 for the eastbound soundwall allowable project cost and no retention was withheld. Metro overpaid \$9,596 (\$3,831,000-\$3,821,404). Unused funds of \$9,596 (\$3,831,000-\$3,821,404) remain on the MOU.

We recommend \$3,821,404 as the final MOU total programmed cost.

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## INTRODUCTION

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### Background

The MOU is between the State of California, Department of Transportation (the Grantee or Caltrans) and the Los Angeles County Metropolitan Transportation Authority (Metro). The objective of the project is to construct a soundwall along the 210 Freeway from .10 km east of Vernon Avenue to .15 km west of Azusa Avenue in the City of Azusa. The scope of work includes the design, right-of-way, right-of-way support, construction support, and construction capital. The MOU commenced on April 1, 2001 and June 30, 2005 is the lapsing date.

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## INTRODUCTION

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### Objectives

The audit objectives were to:

- Determine whether costs incurred and billed were allowable under relevant cost standards and in compliance with the specific and general terms of the MOU and project management guidelines.
- Determine whether costs incurred were properly and accurately charged to the MOU, were reasonable in amount, and were supported by documented evidence.
- Determine whether costs were properly recorded for reimbursement purposes and that reimbursements were received by the Grantee and that Metro's books properly reflect these transactions.
- Determine whether invoices were submitted within the lapsing date and within the period for which the funds were programmed.

### Scope

We determined the amount invoiced by Caltrans for costs incurred in the performance of the MOU. The invoices were submitted between June 15, 2002 and March 18, 2005. We also determined the amounts paid by Metro.

We conducted this attestation review in accordance with generally accepted government auditing standards. Those standards require that we plan and perform the review to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions based on our review objectives. We believe that the evidence obtained provides a reasonable basis for our findings and conclusions based on our review objectives. We used the cost principles contained in the Federal Acquisition Regulation (FAR) Subparts 30 and 31, and the MOU provisions to evaluate and analyze the incurred cost.

The cost claimed is the responsibility of the State of California, Department of Transportation. Our responsibility is to express a conclusion based on the audit.

The review report is intended solely for the use of management and should not be used for any other purpose without first consulting Management Audit.

### Methodology

We selected invoices submitted by Caltrans and traced various costs included on the invoices to supporting documentation such as vendor's invoices. We reviewed the costs

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## INTRODUCTION

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for allowability in accordance with applicable cost standards and compliance with the terms and conditions of the MOU. We also reviewed accounting and MOU records to determine if the amounts claimed for reimbursement, as represented by the invoices submitted by the Caltrans, were actually paid.

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## AUDIT RESULTS

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### Conclusion

Based on our review, we questioned \$14,038 in overhead cost. This results in allowable project cost of \$8,130,646 (\$8,144,684-\$14,038). Metro's share for the eastbound soundwall is \$3,821,404 (\$8,130,646 X 47%). Caltrans billed \$3,831,000 or 47.12% of \$8,130,646 allowable project cost.

Caltrans was paid \$3,831,000 and no retention was withheld. Therefore, Caltrans over billed \$9,596 (\$3,831,000-\$3,821,404).

Unused funds in the amount of \$9,596 remain on the MOU. Invoices were submitted before the lapsing date of June 30, 2005.

### Recommendation

We recommend \$3,821,404 as the final cost of this MOU. We also recommend that Countrywide Planning recover the over billed cost of \$9,596 and use the appropriate procedures in the MOU in regards to unused funds.

### Management Response

Both Metro and Caltrans Project Manager concurred with the audit findings and recommendations.



Ruthe Holden  
Wed Mar 26 14 19 22 2008

Ruthe Holden  
Chief Auditor  
March 2008

Audit Team: Rey Alimoren  
Kathy Knox

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APPENDIX

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SUMMARY OF MOU NO. SOUNDWAZ  
PROJECT FUNDING AND EXPENDITURES

Funding Source	Budgeted Funding	%	Allowable Cost Expended	%	Unused Funding
Westbound:					
STIP	\$4,332,000	53.00%	\$ 4,280,523	53.00%	\$51,477
Eastbound:					
Prop C 25%	3,831,000	47.00%	3,821,404	47.00%	9,596
Total	\$ 8,163,000	100%	\$ 8,101,927	100%	\$61,073